



Governor's May Revision Reflects Economic Growth

The May Revision, which updates economic and revenue assumptions in the 1997-98 Governor's Budget, was released on May 14 by the State Department of Finance. It shows that California's economic growth continues to outpace the nation in both personal income growth and job growth.

California's employment is forecast to increase by 3 percent in 1997 and 2.3 percent in 1998, adding 680,000 new jobs over the next two years. Personal income is forecast to increase by 6.8 percent in 1997 and 6.1 percent in 1998. General Fund revenues are forecast to be \$960 million higher than the January forecast for 1996-97 and more than \$1.3 billion higher than the January forecast for 1997-98.

Finally, the projected Unused Borrowable Resources as of June 30, 1997 is approximately \$4.3 billion. This is after repayment of \$3 billion worth of 1996 Revenue Anticipation Notes. You can access the May Revision from the State Treasurer's home page (address below) under "Current Budget & Finances."

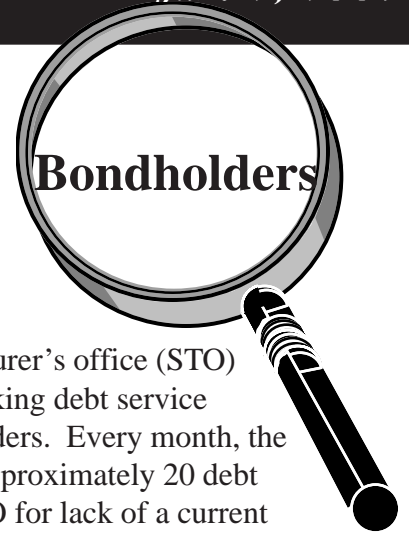
Treasurer Implements Small Business Enterprise Program

On May 6, the State Treasurer implemented a Small Business Enterprise (SBE) Program. Since small business is the backbone of the California economy, the Treasurer's SBE program provides small firms with opportunities to compete against bigger firms for business with the state. A small business enterprise firm is defined as an independently owned and operated business that is headquartered in California and not dominant in its field. The firm's three-year average of annual total gross revenues must be less than \$5 million. Qualified small business firms will be placed in underwriting, bond counsel, and financial advisory pools to compete for contracts on state financing transactions.

Applications from firms interested in participating in the SBE Program were due by May 14 to the Treasurer's office. All applicants are currently being reviewed and the pools will be announced in June.

In Search of Missing . . .

Bondholders



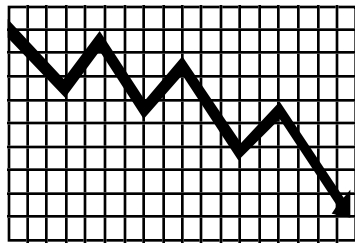
The State Treasurer's office (STO) is responsible for making debt service payments to bondholders. Every month, the Post Office returns approximately 20 debt service checks to STO for lack of a current address.

Recently, the State Treasurer implemented a new program to locate these missing bondholders. So far, this program has been successful. The Treasurer has returned \$114,941.87 to 60 rightful owners during the last three months.

When a check is returned by the Post Office, a "hold" is placed on the bondholder's account. This ensures that future checks will not be mailed to an incorrect address. STO staff locates the bondholder's current address through the following methods: (1) researching the bondholder's account for any recent activity; (2) calling Directory Assistance to obtain the bondholder's telephone number; (3) sending a request to the Department of Motor Vehicles for current address information; and (4) contacting the appropriate Postmaster General and governmental agencies. Once a correct address is determined, a signed "Bond Owner's Change of Address Request" form is sent to the bondholder. This form must be signed and returned to STO before the "hold" on the account can be removed and checks can be released.

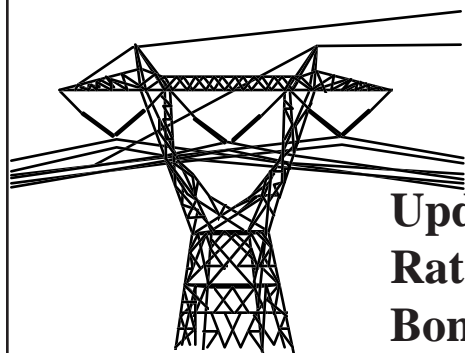
If you are planning to relocate, please let us know your new address as early as possible. You may do so by either writing to our office or by sending us a fax. This will alleviate any unnecessary delays in receiving your checks. If you need assistance or additional information, please contact the *Bondholder Services Section* at (916) 653-2884.

California's Unemployment Continues to Decline



The State's Employment Development Department reported that California's unemployment rate was 6.5 percent in April, down from 6.6 percent in March and down from 7.4 percent a year earlier. This is the 18th consecutive month of record high employment levels in California. April statistics showed California's employment level at 14,835,000, an increase of 42,000 jobs during April and an increase of 451,000 jobs since April 1996.

The main job growth sector in April was manufacturing. Other industries that reported job expansion for the month were services, finance, insurance, real estate, and retail trade. Over the past 12 months, most jobs created were in the services industry, primarily in the business services sector.



Update on Rate Reduction Bonds

On May 6, applications for financing orders were filed with the Public Utilities Commission (PUC) by PG&E, San Diego Gas & Electric Company and Southern California Edison. The PUC has 120 days to review the applications and to issue financing orders authorizing the sale of the rate reductions bonds by the California Infrastructure and Economic Development Bank. The financing orders are expected to be issued sometime during September 1997.

The State Treasurer's office is currently selecting underwriters to serve on the financing team for the rate reduction bonds.

Ask The State Treasurer

Q: I am going on an extended vacation in the near future. I would like my registered interest checks mailed to a different address until I return. Can your office temporarily change my address?

A: Yes, the Bondholder Services Section of the State Treasurer's office will be glad to set up a temporary mailing address for you. You will need to submit a written outline of your request, including the beginning and ending dates for your temporary address. Please be sure to sign your request. If you need additional information, you may contact the *Bondholder Services Section* at (916) 653-2884.

Attention Registered Bondholders:

The State Treasurer's office is planning to implement an Electronic Fund Transfer (EFT) program for bond interest payments. If you would be interested in receiving your interest payments via EFT, please call (916) 653-2884.

Bond Sales Calendar

The Bond Sales Calendar for the remainder of 1997 is under development. Look for the calendar in the next issue of *The Treasury Note*.

Listing of Redemptions

There are no redemptions for July 1, 1997.

Questions???

Do you have a question you would like to ask the Treasurer? Send it to the *Investor Relations Program* at P.O. Box 942809, Sacramento, CA 94209-0001.

The Treasury Note Mailing List

If you would like to be on the mailing list to receive *The Treasury Note* monthly, please send your name and address to the *Investor Relations Program* at P.O. Box 942809, Sacramento, CA 94209-0001.